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ABSTRACT

This learning unit on supervisors and marketing is one in the Choice Series, a self-learning development program for supervisors. Purpose stated for the approximately eight-hour-long unit is to enable the supervisor to understand the nature of marketing both to the organization and to the individual in it, understand how customer needs are met by proper use of company resources, and apply his/her skills as a supervisor to positively putting into effect marketing strategies in his/her area. An introduction provides an overview of the unit and lists unit objectives. Parts A through D contain informative material, activities and answer keys, self-checks and answer keys, and a summary. Topics include the right goods at the right price, customer needs and satisfaction, marketing and customer choice, and marketing priorities. Part E contains performance checks--an end check to be completed alone and a tutor check and work-based project. Part F consists of a brief unit review, extensions (print sources of additional information, such as units or sections in books), and a list of references. (YLB)

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An Open Tech Project

SUPERVISING

TECHNICAL ASPECTS OF SUPERVISION

45: Supervisors & Marketing

ED268249

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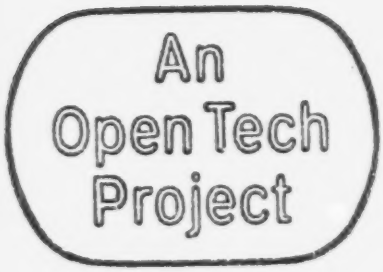
45: SUPERVISORS AND MARKETING

David Johnson



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Johnson David W
Supervisors and Marketing (Number 45 in the CHOICE SERIES of learning units)

Series Editor: Harry V Pardue
Northern Regional Management Centre.

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WORKING GUIDE TO THIS UNIT IN YOUR DEVELOPMENT PROGRAMME

This Unit is now your personal property - it's not for handing back to your training officer or to a tutor. It is your working book.

The Contents will increase in value to you each time you write on one of its pages. This is a working text for your personal notes - without notes its value is limited.

Qualifications forget about certificates and diplomas - you don't need them for this programme. What you do need is the wish:-

* to do your job better
* for personal development

Your study time is really up to you - we guess you will need about 8 hours in total. But it's your time - spend as long as you like.

How am I doing? you can judge for yourself by checking out how well you cope with the tasks we call Activities and Self Checks which occur throughout the unit. You can also get the Tutor Check and/or the Work Based Project to your tutor for an unbiased view of your progress.

Work Pace it's really up to you and depends on your interest. However, if you do well on the Activities and Self Checks, you could afford to speed up a little. Of course, if you don't do as well as you expect then you could slow down a little or flick back into the unit for a quick review of the more difficult ideas.

When in doubt - ask or seek help from:

* your family and friends
* colleagues at work
* your company training staff
* other open learners
* your tutor, by phone, by a visit to your support centre or by dropping your tutor a line through the post.

Don't worry if what you learn doesn't seem to be of use to you now, remember that times change - it may be useful one day. Anyway, just knowing more improves personal confidence.

So now make a start:-

45: SUPERVISORS AND MARKETING by David Johnson

ABOUT THIS UNIT

As a supervisor you are largely responsible for the output of your workteam. It is also important to ensure that what is produced by the workteam meets the needs of the customer.

This unit sets out to make the point that everyone in an organisation is involved in the marketing process. The supervisor has the ideal opportunity to ensure that all the members of the workteam have a marketing awareness.

This unit should make you aware of the marketing process and help you to develop this awareness in your workteam.

IN THIS UNIT WE WILL:

* show how marketing has become important in modern industry
* understand how an organisation's resources are used to satisfy customer needs
* discover the importance of marketing in the everyday activities of the supervisor
* work in a practical manner to understand the various skills employed in marketing.

AUDIO TAPE
Side 1

Before you continue through the unit, you should listen to side 1 of the audio tape that accompanies the unit. You will find it useful if you refer to the unit objectives should below whilst you listen to the tape. You may wish to make the objectives clearer to yourself by making a note or two on the page as you listen.

OBJECTIVES

When you've worked through this unit you will be BETTER ABLE to:

* understand the nature of marketing both to the organisation and to the individual in it
* understand how customer needs are met by the proper use of company resources
* apply your skills as a supervisor to positively putting into effect marketing strategies in your area.

BEST COPY AVAILABLE

PART A - THE RIGHT GOODS AT THE RIGHT PRICE

1. Introduction

Why do we go to work?

Our immediate response to that question would probably be that we need the money and the company and being actively involved in something.

But what do we go to work for?

I think we can probably all agree that we go to help the firm, whatever it does, to stay in business. If it doesn't, then none of the other benefits we are looking for can follow.

At the end of the day 'staying in business' depends upon fulfilling a few fundamental ideas and successfully taking into account a few basic concerns.

Can we make the product or offer the service we have in mind? Can we sell enough of what we're offering to enable us to stay in business? Are we providing what our customers really want? Do possible customers know about us and know what our product or service can do for them?

Whether we work for a firm which has to make a profit to survive or in something like a local government department where we might feel we are a long way from having to worry about customers and profits, all the firms we work for have to ask themselves these sorts of questions.

REFERENCE 1
page 59

And answering some of these questions is what MARKETING is all about.

2. How do we define marketing?

Let's decide first of all what we mean by Marketing.

ACTIVITY 1
Time guide
5 mins

Have a look at these possible definitions of marketing. They all have something missing. Write down in the space below what you think it is that's missing.

* Marketing is about selling the goods we produce at a profit.

* Marketing is concerned with the manufacture of high quality goods for sale at home and abroad.

* Marketing uses all the means of promotion, advertising, selling and publicity to distribute the goods we make at a profit.

* _____

_____

You might have thought of various things but what strikes me is that none of these definitions mention the customer and marketing is all about attracting, satisfying and keeping customers. And that's true whether we're in the business of producing goods or providing a service such as - hairdressing, window-cleaning, insurance, car maintenance for instance.

It's common sense when you think about it,

"MARKETING IS ABOUT SELLING GOODS THAT
DON'T COME BACK, TO CUSTOMERS WHO DO".

Now we can have a look at what was missing in our previous examples. Let's have a quick look at them.

* "Marketing is about selling the goods we produce at a profit".

Sounds OK at first glance but are the goods we are producing what the customer really wants and is the profit enough to pay all the bills and leave some money spare to take care of future investments?

* "Marketing is concerned with the manufacturing of high quality goods for sale at home and abroad".

This sounds OK as well but are the "high quality goods" the right goods? Did we ask the customers what they wanted? "For sale at home and abroad" doesn't mention price or profit. Selling something is not enough: we have to make a profit as well.

* "Good marketing uses all the means of promotion, advertising, selling and publicity to distribute the goods we make at a profit".

This does not sound too bad at all. We can see, though, that it makes no mention of ensuring that we produce the goods that customers want to buy.

REFERENCE 2
page 59

For further definitions of marketing see pages 1 and 2 "Basic Marketing: Principles and Practice" by T. Cannon.

Before we go any further we had better fill in the picture by putting together what we know about businesses and their customers and defining what we mean by some of the terms we'll use.

We've mentioned 'making a profit' once or twice so far. What exactly do we mean by that?

ACTIVITY 2
Time guide
2 mins

Jot down what the word 'profit' means to you.

*

You might have described profit in various ways. If you make something for £1 and sell if for £1.50 you've made 50p profit.

If we're running a business, though, we can't just take that 50p out of a business and put it into the holiday fund or towards a new car or whatever.

ACTIVITY 3
Time guide
2 mins

What would a business need the profit for?

Jot down two suggestions.

* _____

* _____

Any business would need to make a profit to

* pay the bills

* re-invest in the business so that it can expand.

And it's this view of profits - that you need them for the business to pay its way and expand - that I'd like us to bear in mind in this unit.

It's very easy for us, if we don't actually deal with customers directly in our job, to forget about them in the day-to-day running of the business. But, whatever our job, everything that the supervisor does to improve quality control, either as an individual or as part of the team helps to ensure that the company

SELLS GOODS THAT DON'T COME BACK
TO CUSTOMERS WHO DO.

3. Customers

We've mentioned customers a few times so far. But what do we know about them? What can we assume they want?

ACTIVITY 4
Time guide
5 mins

Imagine you are going to buy something for the home, perhaps a washing machine or a new carpet. Besides buying a washing machine with all the right features and a carpet that looks right and will wear well, what else would you expect as a customer? Write down two suggestions.

* _____

* _____

There are many things we need and expect as customers but perhaps the most important are:

that the right goods are available at the right price - one we can afford

that the goods are available at the right place - a convenient shop

that the goods are available at the right time - delivery as and when promised.

I think we can agree that we would expect our washing machine to be at a price we felt was fair and available at a time and place that was convenient to us.

The needs of the industrial buyer who may buy the goods or services which a company provides are no different from yours.

HOW WE GET THE RIGHT GOODS AT THE RIGHT PRICE AND PLACE AND AT THE RIGHT TIME IS REALLY WHAT MARKETING IS ALL ABOUT.

We can explore each of these ideas to help us understand how marketing works. Let's start with the right goods. But first let's review the main points we have made by doing the following self check.

SELF CHECK 1
Time guide
2 mins

Complete the three statements below with the appropriate missing words.

Marketing is about producing the right goods, at the right _____,

at the right _____, at the right _____.

The answer to this self check is here in the following words, so you'll have to check out your answers carefully: We were looking for price, place, time but not necessarily in that order.

4. The Right Goods

As supervisors we are aware of the necessity of producing what the customer has asked for whether it's opening and serving the bottle of wine they ordered or setting up machinery in a certain way to fulfil a particular order. If it's not what they wanted it may be scrap.

ACTIVITY 5
Time guide
3 mins

Jot down four things which you have to check to ensure that the customer gets the right goods or service.

(It doesn't matter whether your job is on a single product production line such as car assembly or whether no two jobs are the same, as in printing or whether you provide a service and don't produce goods at all - you've still got a customer of some kind).

* make sure all stages of the job are carried out in the right order without short cuts.
* _____
* _____
* _____

The four things you've listed which you would have to check to ensure the customer was getting the right goods will depend pretty much on your particular job.

Here are some typical checks you might have to make assuming that you were producing actual goods.

Is it made to the correct specifications?

Colour
Weight
Size
Number
Materials
Design

Does it meet our quality control standards?

Correct order of assembly.
Ensuring correct adjustments are made.
Ensuring correct alignment.
Seeing that functional tests are carried out.
Ensuring adequate stocks are available.
Seeing the correct goods are picked and packed.

When you guarantee these things you are playing your part in ensuring that customers will come back to buy again and contributing to the company's marketing success.

Remember our definition:

SELLING GOODS THAT DON'T COME BACK,
TO CUSTOMERS THAT DO.

When you think about it, a supervisor is just as much responsible for sales as the company's sales people are, as we will see later in the unit.

5. The Right Price

Pricing policy is another area the supervisor can directly affect. How does a company go about setting a price for its goods and services? In general we can say that too low a price, the company loses money, too high a price, the company cannot sell its products.

ACTIVITY 6
Time guide
3 mins

Someone you know who is unemployed has found there is a need for someone to do odd jobs in people's homes. When a job is taken on, painting, joinery or whatever, your friend provides everything needed. The problem is knowing what to charge. How would you suggest your friend arrives at a fair price for each job?

* _____

* _____

There are various methods we can use to arrive at a price.

* Charge what everyone else charges for that type of work.

* Charge a price that seems fair and sounds reasonable. So you might charge £3.99 because it looks and sounds better than £4.

* Charge what you think the job will stand.

* Work out how much the service has cost you to do and then add on a fixed percentage, say 20%.

Your friend might well use the last method. Many small businesses do. It also comes close to one of the most accepted methods.

This method is called:

COST PLUS

To work out what we're going to charge using this method, we have just to decide what costs we have to pay for which will go on all the time whether we are doing much work or not.

ACTIVITY 7
Time guide
2 mins

Suppose your friend's joinery and painting business prospers and he rents a workshop to keep all his equipment and in which to do the joinery work. Jot down two costs which he would have to pay all the time regardless of how much work he was doing.

* _____

* _____

He'd have to pay things like rates, rent, insurance and electricity. These are called FIXED COSTS. He would also have costs which <u>did</u> depend on the actual work he was doing.

ACTIVITY 8
Time guide
2 mins

Jot down two things he would have to pay for which arise directly from the work he was doing.

* _____

* _____

You may have suggested things like materials such as paint and wood and travelling costs to get him out to the jobs.

These are called VARIABLE COSTS.

In order to decide what to charge the customer he has to cover the variable costs, including his own time, a proportion of his fixed costs and some profit for him to re-invest in the business.

You can see that working out the right price could be quite tricky, even in a very small business and is increasingly so in larger business.

So what can supervisors do to help?

Here is a typical working situation.

Joe and Fred are both employed as metal plate engravers by a firm of local printers. This is a competitive market in that whilst there is a lot of work to be done there are a lot of companies able to do it.

Each job is easy to cost out. It is made up of the cost of the metal plate and the cost of labour. Joe and Fred both produce the same amount of work each day but Joe makes twice as many mistakes. What effect will this have on the prices charged?

ACTIVITY 9
Time guide
5 mins

What other effect could Joe's high level of mistakes have?

* _____

The additional cost of wasted time and material will have to be spread over all the engineering jobs - in other words, a general price increase.

If the most important factor in placing an order in the first place was delivery time a customer may be lost to one of their competitors.

ACTIVITY 10
Time guide
2 mins

Complete the following statement with a suitable word or groups of words.

If making a lot of mistakes means the price of the goods has to go up, then, if we look at the problem the other way round, finding ways of reducing waste means _____.

Finding ways of reducing waste means that the price can come down.

In the example we've been looking at, where there are plenty of printers after the same business, that's probably what the company would do if Joe or Fred found a significant way of reducing or avoiding waste.

AVOIDING WASTE CAN LEAD TO MORE
COMPETITIVE PRICES.

And it's often the supervisors who are in the best position to spot possible ways of waste reduction and so contribute to the company's marketing success.

ACTIVITY 11
Time guide
5 mins

Decide whether each of the following statements is true or false.

a) By always charging lower prices than our competitors we will be successful.

TRUE/FALSE

b) The only ways we can reduce our prices is to buy our materials cheaper, pay lower wages or sell more.

TRUE/FALSE

Both statements are false.

a) Anybody can be successful in selling if they are allowed to charge the lowest prices in town. The marketing principle tells us that not only must we sell our goods and services but we must sell them at a profit. The profit we make must be sufficient to cover all our costs and provide money for expansion and sufficient 'cash flow' (money we can get our hands on to pay our bills in time).

b) We can also reduce our prices by avoiding unnecessary expense. Everyone in a company needs to be aware that a £1 saved by the avoidance of unnecessary waste is just the same as making an additional £1 of profit from the point of view of the company's financial situation.

Having dealt with the PRICE part of the marketing process we can now have a look at the right PLACE AND TIME. It is easier to understand the two if we look at them together.

6. The Right Place and Time

Some of us may have had cornflakes for breakfast today or toast and marmalade, or if we were in a hurry just a cup of coffee. Where did we buy these things from? Probably a shop convenient to our home. The factory which produced them might be hundreds of miles away.

Making sure that products and services are available when we want to buy them is part of Marketing and is called DISTRIBUTION. It just means getting the goods we sell to the RIGHT PLACE at the RIGHT TIME.

When you think about it there would be no time for us to do much else if we had to go directly to the producer for everything we needed in our daily lives. We depend on the things we want being in a suitable, convenient place for us to get them or we won't buy them.

ACTIVITY 12
Time guide
4 mins

Suppose your firm makes hot packed lunches which it distributes in several vans to offices, shops and factories in a large town and two trading estates. Orders are telephoned in between one hour and twenty four hours before they are required and are supplied within a three hour period in the middle of the day. Obviously nobody wants their lunch (cold by then anyway) at 4.30 p.m.!

Jot down some of the things you would have to do to ensure that the customers got what they wanted at the right time and place.

(Don't worry about the production side - you can assume you've got the raw materials, staff etc).

* _____
* _____
* _____
* _____

You may have included all sorts of things on your list which you might like to compare with mine.

* make sure all orders have correct consignment notes so that right goods go to the right address
* make sure the goods supplied are actually what the customer ordered
* make sure orders are properly packed so that no orders are lost because of breakage or damage
* plan the most effective route for vehicles
* make sure vehicles are serviced and repaired and that that doesn't interfere with effective journey planning
* make sure all the vehicles meet legal requirements (e.g. MOT, road tax) so you don't have them off the road unnecessarily.

The activities which we've described here will apply in any company where it's important that goods are supplied at the right time and the right place.

There's more to 'right time' than just getting the goods there. The customer expects whatever he has bought to work <u>when he wants to use it</u>.

ACTIVITY 13
Time guide
3 mins

Suppose your company makes washing machines. The customer doesn't just want to look at it, he wants to be able to use it when he wants.

What services will the customer expect you to provide if you are in the washing-machine business?

* _____

* _____

The customer will expect

* an installation service

* an after-sales service

As far as he is concerned, he is interested in being able to do the washing in the machine you've provided and the actual machine itself is only part of the package. He needs it to be installed so that it works immediately and he wants it put right if it goes wrong so he can continue to use it.

So you can see that, if you're involved in installing or maintaining goods which your company makes, you are a vital part of marketing. No customer will be interested for long in goods which don't do the very thing he bought them for.

And we could say that making sure the goods are supplied at the right time has started long before this - on the production line.

Here's an example of what I mean:

An electric typewriter has 4,000 parts in it. All of them have had to be placed in the machine during assembly. Some of these parts require adjustments during assembly which may only take a couple of minutes. However, if the adjustment has to be made after assembly it may be necessary to strip the machine down to do it, perhaps two hours work or more. You can imagine what the service manager thinks about the factory staff in a situation like this. Not to mention the distributor who may have lost his profit on that call or even his customer! Good service is all part of:

SELLING GOODS THAN DON'T COME BACK, TO
CUSTOMERS WHO DO

and just about everybody is involved in giving good service.

SELF CHECK 2
Time guide
3 mins

Fill in the blanks with the most appropriate words.

a) Poor quality control in the factory can cause problems for the _____.

b) The installation and after-sales service we offer contribute to effective _____.

c) Distribution is about getting what we produce to the right _____, at the right _____.

The answer to this self check is here in the following words so you'll need to check your answers carefully: a) Poor quality control in the factory can cause problems for the sales engineer or the engineer in the field. The person who depends a lot on us! b) The installation and after-sales service we offer contribute to effective marketing. c) Distribution is about getting what we produce to the right place at the right time.

We have seen how time has been tied up with vehicle scheduling, with production scheduling and with delivery time, we are now going to have a look at another aspect of time in the marketing process.

We've seen how important timing is in production and vehicle scheduling, now let's have a look at another way time has to be taken into account in the marketing process.

ACTIVITY 14
Time guide
3 mins

Imagine you have two friends both of whom are sales people - John sells cornflakes and Mary sells fireworks. Write down what you think will be the biggest difference in their working lives.

* _____

_____

* _____

_____

There are several differences you might have written down. Were the words 'seasonal' or 'busy time', or 'peak time' part of your choice? That is the other aspect of time I wanted us to think about. John will sell his cornflakes at about the same level day in and day out, whilst Mary will be rushing about during the spring and summer taking orders ready for November 5th and for other special occasions such as festivals, royal weddings and so on.

On the production side, of course, both the companies involved will continue to produce cornflakes and fireworks all year round but the latter will have ups and downs whilst the former will produce at a fairly steady rate all the time.

ACTIVITY 15
Time guide
5 mins

Write down a list of five products which are particularly affected by the idea of being SEASONAL.

* _____
* _____
* _____
* _____
* _____

There are many products and services to choose from. Here is a list of some of them.

* Seasonal clothing - Winter coats, Summer dresses.
* Easter - eggs, cards.
* Toys.
* Christmas - cards, trees, pudding etc.
* Sunglasses, cream.
* Lawn mowers, seeds etc.
* Cameras, film.
* Wrapping paper.
* Holidays.
* Caravan, camping equipment.

These items would all have predictable seasons.

Marketing people also find that goods can meet unpredictable peaks in demand which they have to try to fill. Unless we realise that meeting these demands is at the heart of their job, we're likely to find their demands for goods at short notice unreasonable but it isn't that. It's a question of trying to provide what's required when and as it's required and you can't always predict that too far in advance.

I hope we're agreed then that, whatever our job, and even if we don't deal directly with the customer, we contribute to letting the customer have the right goods at the right price at the right time and in the right place - marketing.

One thing we perhaps ought to make clear before we go any further is that marketing isn't the same as selling.

Selling, like distribution, is part of the process of marketing.

ACTIVITY 16
Time guide
3 mins

Spend a few minutes thinking about what a salesman actually does and jot down a list of five activities which you think would be part of his job.

* _____
* _____
* _____
* _____
* _____

You may have written down various things. My list would include:

* keeps customer records
* tries to sell as much as possible now
* writes out orders
* rides round in a car
* deals with complaints
* looks for new customers
* sells at the market price
* acts as a link between the company and the customer

But if we drew up a list of marketing activities it would include:

* finding out about what the customer wants and needs
* planning to make a profit
* planning to meet future demand
* looking for new markets for the product we make or service we offer
* looking for opportunities for new products which we could make

So, although sales and marketing are tied up with each other, marketing is concerned with the future, sales is very much concerned with dealing with the customer here and now.

SELF CHECK 3
Time guide
3 mins

Complete the following statements with a suitable word or group of words.

a) Summer dresses are a good example of _____ products.

b) One of the biggest differences between selling and marketing is that selling is mainly concerned with _____ and marketing looks more to the _____.

c) An important role of the salesperson is to act as a _____ between the company and the customer.

The answer to this self check is here in the following words, so you'll need to check out your answers carefully: a) Summer dresses are a seasonal product: there will be very little demand for then in winter! b) One of the most important differences between selling and marketing is that selling is concerned with the present, marketing with the future. c) A salesperson is a valuable source of feedback from customers and is a useful link between the customer and the company.

7. Summary

* Marketing is one of the major functions of any business. Whatever we do, we all have customers in one way or another.

* Marketing is about satisfying customer needs by providing

  the right product

  at the right price

  in the right place

  at the right time.

* The marketing concept should involve everyone in an organisation.

* Marketing has a key role to play in ensuring a prosperous future for the company and for those who work in it.

Distribution and selling are aspects of marketing.

Distribution	is all you do to make sure your goods reach the places where customers will buy them
Selling	is concerned with letting customers have an established product at a price which has already been fixed, i.e. the immediate rather than the future.
Marketing	also includes planning for new products, new customers and new outlets and opportunities for existing products.

PART B - CUSTOMER NEEDS AND SATISFACTION

1. Introduction

So far we've looked at Marketing as the way you make sure you supply the right goods at the right price, at the right place and time and, I hope, shows that the success of marketing whatever we produce or offer is brought about indirectly by the efforts of everybody in the firm. Success or failure in marketing doesn't begin and end with the people whose job is officially in the Marketing Department.

In this section we'll go on to look more closely at our customers - how Marketing collects information to identify customer needs and how, by using information already inside the company, many of us can contribute very significantly towards satisfying customer needs, thus ensuring that they come back for more and that our product is more acceptable to them and to other customers in the future.

We'll start by looking at how Marketing Research is used to ensure that what we produce is what the customer wants to buy. Marketing Research isn't only a question of getting out and looking for new potential customers.

A lot of Marketing Research takes place within the company and involves every department. Once again the supervisor has a key role in making sure that the information 'locked up' in the company's records is used to produce products the customer wants to buy.

2. Identifying Customer Needs

Finding out what the customer or potential customer wants to buy breaks down into two broad headings:

* New information available outside the company

* Existing information available inside the company.

Let's start with an activity which will illustrate the first of these.

ACTIVITY 17
Time guide
5 mins

Suppose that you are the secretary of your company's Sports and Social Club. The mixed darts team has won through to the finals of the local league. The final is to be held in Leeds which is ten miles away. You are sure many people will want to see the final and you think it could be the basis of a social night out. You need the following information to put before your Sports Club Committee.

* How many people want to go?

* How many coaches would be involved?

* Where people would want the coaches to leave from?

* What time people would want to return?

* Whether people want just to see the final or want to stay and make a 'night' of it?

Write down how you could go about getting this information.

*

You may have suggested putting a notice on the notice board, speaking to a few likely people in the canteen or phoning supervisors in other departments or, if you had time, issuing a questionnaire.

In marketing research we would tackle it like this.

STEP 1 would be to put the information we wanted into a questionnaire or series of carefully written questions.

Here is an example:

QUESTIONNAIRE - DARTS FINAL

Date: 2.3.85

Our mixed darts team has been successful in reaching the final of their league. The final takes place on the 27th of next month. I propose to organise a coach trip to the 'Priestly' Recreational and Social Club in Leeds where the finals are held. If you would like to go please fill in the boxes. The cost of the coach and admittance will be approximately £3 each. We shall need to leave at 6.45 pm.

1 YOUR NAME AND DEPT:

2 HOW MANY TICKETS DO YOU REQUIRE? - TICK BOX

| 1 | | 2 | | 3 | | 4 |

3 WHERE WOULD YOU WANT TO LEAVE FROM?

THE COMPANY CAR PARK	☐	
OUTSIDE THE BUS STATION	☐	TICK BOX
OUTSIDE THE TOWN HALL	☐	

4 DO YOU WANT TO MAKE A NIGHT OF IT AND

LEAVE AFTER THE BAR CLOSES	☐	
LEAVE AFTER THE FINALS 9 pm	☐	TICK BOX

Please complete and return to the secretary as soon as possible.

STEP 2 is to get the questionnaire filled in. This can be done:

- by interviewing selected people in person
- by sending the questionnaire by post
- by the use of the telephone.

Questionnaires like this are used by people in Marketing Research to get NEW information from outside the company.

This information can tell us what our customers and potential customers want from our products or what their attitude may be to our products. In other words, we will have identified the customer's needs. When we know this we can make sure that the goods we produce have:

BUILT-IN ACCEPTABILITY

SELF CHECK 4
Time guide
3 mins

Complete the following statements with a suitable word or group of words.

a) Marketing information is available from two main sources;

from _____ the company

from _____ the company.

b) When we require new information we can design a _____ to obtain it.

The answer to this self check is here in the following words so you'll need to check out your answers carefully: a) Marketing information is available from inside and from outside the company. b) We can obtain new information by carrying out a survey using a questionnaire.

What we've been talking about so far is the collection of primary data. That means facts which are collected directly as a result of a particular problem under investigation (like our activity in which we wanted to know how people felt about going to a darts final). Primary data is collected by a number of techniques including observation and surveys.

But what about the equally important information which is already in the company?

How do we get at that and how is it used?

As a supervisor you will have access to certain information which will help you to form a broader view of what is happening in your work area than the rest of your work team have. Quite possibly you're responsible for collecting information to pass on to management to enable them to form a broad view of what's happening in the firm as a whole.

This is called secondary data.

It may not be collected especially for a particular problem but an analysis of the sort of information you can supply about volume of sales, value and type of sales, special demands on your services and so on, can supply the key to areas which need to be examined more closely to check out the picture which the secondary data presents.

ACTIVITY 18
Time guide
4 mins

Suppose you are a sales supervisor and you're responsible for selling three major products. You have information on how much of each product you've sold and when for the past three years.

By comparing each of these pieces of information with another you could tell quite a bit about how business was going.

Jot down two things you would be able to work out from comparing sales of the three products over a three year period.

* _____

* _____

You'd be able to work out:

* Which was the most popular product and which the least popular.

* Whether that position had changed in the three year period.

* How sales compared at any point in the year with sales at the same time the previous year.

* Whether sales generally were increasing, decreasing or staying the same.

This is just an example - a production supervisor could do something similar in his own area.

You may be able to recognise these trends yourself and pass your conclusions on in your own firm or you may just be asked to supply the raw information to management for other departments, including Marketing, to work on.

EXTENSION 1
page 57

If you're interested in learning how to identify trends from figures you might find it useful to take up this Extension.

The sort of analysis and planningthat Marketing will do is basically very similar to the activity you have just done for the sales supervisor. Of course, it gets more complicated, and they would have to compare sales records with other information such as production records to see, for example, if production and sales were fairly well matched. (It's no good planning to expand your market dramatically if you haven't got the production capacity to supply the goods.)

How good Marketing's planning and forecasting is depends to a large extent on how accurate and reliable is the information they're being passed from every department in the firm - often in the form of weekly returns and reports which you have to fill in week after week (and which are sometimes the last thing you feel like doing at the end of a hard day!).

So information from within and from outside the firm is used to identify what the customer is likely to buy. We also use information within the firm to ensure that the customer is satisfied and that our product or service is acceptable.

3. Satisfying Customer Needs

In today's fast changing markets we need to use all the information available to us if we are to produce the goods that people want to buy. A great deal of this information is available from a company's own RECORDS.

We can look at how we can use company records to satisfy our customers' needs in two ways:

immediate needs
long-term needs.

Satisfying a customer's immediate needs often involves us in a bit of detective work on the information we have available. The result of our efforts can make a very considerable difference to how favourably the customer views the firm. Occasionally, it can look as though you've pulled off something by magic! But whether the achievement is great or small, it usually begins with an intelligent use of the information which the supervisor already has to hand.

Here's an example of what I mean.

Mary is a supervisor in the order department of a company which makes office furniture. This furniture is sold to dealers throughout the country. They then resell it to the final customer.

A dealer phones Mary to say they need an executive desk in rosewood with a matching cabinet. This dealer's customer is quite happy about the price of the desk and cabinet but insists on an immediate delivery or he will go elsewhere.

Because of their high price only a small number of these desks and cabinets are made at any one time. Mary knows they are out of stock at the moment. She tells one of her assistants to look through the completed order records for the past two months and to let Mary have a list of dealers who have had deliveries of that particular desk and cabinet.

From this list Mary finds a dealer who took delivery of three of the desk and cabinets in rosewood. She feels certain that at least two of those will have been bought as stock. She looks at the delivery vehicle schedules and sees that a delivery van is due to call on this dealer in a couple of days time. Mary phones the dealer with the stock who agrees to let her have one of the desks and cabinets back.

All she has to do then is to issue the necessary paper work and to confirm the arrangements with the distribution manager.

Mary was able to SATISFY A CUSTOMER'S NEEDS by using the

RECORDS OF COMPLETED ORDERS and the

SCHEDULE OF DELIVERIES

This is what we mean by using inside information to satisfy customer needs. The particular information that you have access to will vary with your job but probably most of us are able to meet our customer's special needs by using the records we have to track down the information we need.

But what about satisfying customer needs in the long term?

As far as supervisors are concerned, this is usually a question of spotting possible problem areas before they amount to a crisis or a spate of customer complaints.

And once again, because you have access to the information which will give you a broad view of what's happening in your section, you are often in the best position to alert the firm to possible problems and, sometimes, to do something about them before they get out of hand.

ACTIVITY 19
Time guide
2 mins

Put yourself in the position of the customer.

Which would you think is the more reliable product?
(You can assume that price, delivery etc are similar for both).

a) the product has been the same for several years and you've never had any serious complaints so you haven't had anything to do with the manufacturer and couldn't comment on the efficiency of how the factory is run.

b) the product tends to vary and sometimes doesn't meet your specifications. On several occasions this has badly affected your own business but thefirm is always very helpful and apologetic and usually manages to put things right - in the end.

I hope we can agree that, as far as reliability is concerned, we would go for the first firm. Because they have always dealt efficiently with us and the product is acceptable to us, we will tend to believe that their entire operation works like a well-oiled machine!

It's possible that it may, but more likely that, like everybody else, they have their ups and downs and have to deal with as many problems as anybody else.

But their product had

BUILT-IN ACCEPTABILITY

because they

* think ahead

* spot possible problem areas before they get serious.

And the key to this is the intelligent reading of company records by people at the grass roots level - you.

Once again, we can only give an example because the particular information you have access to will differ from one job to another.

Let's take the problem of costs.

ACTIVITY 20
Time guide
3 mins

You are supervisor in a buying department and, from your reading of records, you realise that costs for some goods from one of your usual suppliers have risen steeply. You check back over invoices for the past two years and see that their prices have, in fact, gradually gone up by 20%.

You have to alert your manager to the problem. If the company's marketing policy is to hold down its own prices in order to remain competitive, what could you do to find a way round the problem?

*

I hope we can agree that you would consider alternative suppliers who might be able to offer a lower cost and thus avoid your having to put up your prices.

Your customers wouldn't know anything about it but, in their eyes, your product would remain as acceptable, in terms of price, as before. You would have contributed to successful marketing.

ACTIVITY 21
Time guide
3 mins

Now suppose that you are quality control supervisor in the same company.

The buying department, in cooperation with the technical department, has changed suppliers of one of your raw materials in order to keep costs down.

But is the product going to have the built-in acceptability that it did before?

Jot down two of the items of information you would check in the records to make sure your product was still acceptable.

* _____

* _____

You'd better check very carefully that the new material met specifications. This might include checking

size
colour
strength
purity
wastage

Suppose, for example, that you found that the alternative material apparently met your requirements except that waste levels were high.

You've another potential problem.

Unless you alert the company to it, all that is saved on finding a cheaper source of supply may be more than cancelled out by the cost of increased waste. Then, once again, the company is forced to consider putting its prices up and you're back with a marketing problem. At a higher price, your product may no longer satisfy your customers.

Whatever our job, it's the

BUILT-IN ACCEPTABILITY

of the product or service we provide that needs to be in the back of our minds.

Are we providing the right product
at the right price
at the right place
at the right time.

REFERENCE 3
page 59

If it's what you find in the records that first alerts you to a problem, it's the routine checking-up that you do as a supervisor which enables you to investigate the problem and possibly come up with a solution. And this constant monitoring of information is crucial to successful marketing as John Frain explains.

Here's a final example of how this happened to a production supervisor.

A supervisor working on the production line of a company which makes typewriters was having a look at a list of rejected parts. He noticed the rejection rate for the typewriters metal frames was rising. He'd also heard about an increased number of machines coming back from dissatisfied customers to have frames replaced. These metal frames were made of cast steel and were expensive items. If they were damaged during the production run a great deal of waste in the form of materials and labour was involved. The supervisor had a look at how the castings were moved along the line. He soon spotted two places where the frames had to be manhandled. These two places were where most of the damage was happening.

As a member of a Quality Circle he was able to bring the problem to the attention of management. Moving track was installed at the two points. This along with an increased awareness by the workteam of the problem considerably reduced the rejection rate.

Remember the four areas that Marketing is concerned with:

PRODUCT - PRICE - TIME AND PLACE

Let's see how this supervisor's action contributed to each of these and ensured that the customers were satisfied.

ACTIVITY 22
Time guide
5 mins

Jot down how you think his action improved the PRODUCT, as far as customers were concerned.

* _____

* _____

If machines had been coming back as customer complaints, obviously some of the damaged frames must have been slipping through the quality control checks.

A reduction in complaints following the overall improvement in performance of the machines would mean the product was more acceptable and might lead to repeat orders.

ACTIVITY 23
Time guide
3 mins

Jot down two ways in which you think the supervisor's action could have had an effect on PRICE.

* _____

* _____

You may have thought of several ways. The two I would pick out are:

* if the reject rate is substantially reduced, it might be possible to bring the price down

or

* the specification of the machines could be improved without necessarily increasing the costs.

ACTIVITY 24
Time guide
3 mins

Finally TIME AND PLACE.

Remember we said in PART A that to change the frame of a typewriter <u>during</u> assembly isn't difficult. Once it is fully assembled, however, it can take two hours or more to strip down and re-assemble on a new frame.

Jot down how you think the supervisor's action could affect successful marketing of the typewriters as far as time and place are concerned.

* _____

* _____

If, as a result of the supervisor's action, service engineers had to spend less time adjusting them once the customer had bought them, the company would be offering a more efficient service. Typewriters would be more likely to work and so be available as and when the customers wanted them.

Once again, a product which does this has built-in acceptability and the company is more likely to attract further orders.

So, in this case, the production supervisor, who might seem to have nothing to do with Marketing, by

* spotting a problem in the company records
* checking it out
* finding a way of putting it right

was able to contribute very substantially to the company's marketing aim of satisfying their customers with the right goods, at the right place, at the right time and place.

When we have done everything we can to make sure the product meets the customers' needs, we still have to ensure that the customer chooses our company to buy from. Nearly everything we buy we can obtain from several suppliers.

Let's look at this example of how we form an idea about a company and buy from them or not, according to our attitude.

Janet is the office supervisor for a firm of solicitors. One Monday morning in early January she found the electric typewriter which was used for important correspondence would not work.

The senior partner wanted three important letters he had dictated over the weekend immediately. Janet thumbed through the yellow pages and found two local firms who repaired office machines.

Janet phoned company A and tried to explain her problem. An uninterested voice interrupted her to say

> "Don't worry, it's the cold you know. It'll sort itself out. Give us a ring back at lunch time if it doesn't and we'll see what we can do".

Janet in desperation phoned the second company B. An interested voice assured her they would be able to help and then listened whilst she explain her problem.

> "Don't worry unduly, it is probably the cold weather. Electric typewriters can be affected like that. Try and get some heat on to the machine. In the meanwhile I will reroute one of our service engineers so that you have a call within the hour. It was lucky you called us so early."

ACTIVITY 25
Time guide
3 mins

Write down a few of the words you might use to describe Company A and a few of the words you might use to describe company B.

Company A _____

_____

Company B _____

_____

My guess is you used words to describe Company A like:

INEFFICIENT, COULDN'T CARE LESS, USELESS, SMALL,
DISORGANISED, ON THE WAY OUT

and Company B

EFFICIENT, CARING, ORGANISED, PROGRESSIVE,
ON THE WAY UP.

Don't worry if these are not your exact words. The important thing is that a picture of each company formed in your mind when you read the telephone conversations and, on very little evidence, you made a judgement about the whole company.

We do tend to judge organisations by our contacts with individuals in the organisation. If the man who calls to fix the gas boiler is rude then that becomes our impression of the Gas Board. If the person selling us a pair of shoes is unhelpful then we tend to think that shop is unhelpful.

And since, as customers, we often act on the strength of our feelings, as a personal whim or as a result of one isolated experience, anybody who comes into contact with a customer face-to-face, by telephone or in writing can make or break the marketing effort.

To succeed at all, you've got to have the right product, at the right price, at the right time and place

but

even so, if the customer doesn't like you for whatever reason, he may still go elsewhere.

We're all in the business of Marketing.

Let's review these points again by doing a self check.

SELF CHECK 5
Time guide
5 mins

Respond to each statement by putting a tick against the ONE answer which is most correct.

1 Companies have a constant need for information, because the markets they are in are always:

a. hostile
b. changing
c. expanding
d. contracting

2 Information from company records that we can use to reduce waste and to improve the product is helping to satisfy customer:

a. needs
b. complaints
c. orders
d. queries

3 Information plays a vital part in problem solving, but recognising a problem exists often requires supervisors to use their:

a. common sense
b. records
c. intuition
d. experience

4 Marketing research uses information to ensure the products we make have BUILT-IN:

a. features
b. benefits
c. acceptability
d. guarantees.

The answer to this self check is here in the following words, so you'll need to check out your answers carefully: 1) The most correct answer for 1 is b. Businesses cannot exist in isolation. They are affected by economic factors at home, by government legislation, by local government action, by demands of shareholders, by pressure from trade unions, by public opinion, by world trading conditions, etc. So we can say they are in a constantly changing market place. 2) The most correct answer for 2 is a. This part of the unit has been about using information from outside the company to find out what customers' needs are and using information from within the company to help satisfy those needs. 3) The most correct answer for 3 is d. We have stressed the vital role supervisors have in using their experience to identify problems. 4) The most correct answer for 4 is c. We can say that the purpose of marketing research is to ensure the products we made have built-in acceptability.

4. Summary

* Market research is about finding INFORMATION to solve PROBLEMS.

* These problems relate to one or more of the areas we identified in marketing process PRODUCT, PRICE, PLACE, TIME.

* New information about customer NEEDS can be obtained by the use of questionnaires.

* Existing information is LOCKED up in the various records produced by the company.

* One of the roles of the supervisor in the marketing process is to be able to identify problems by using existing information.

* When we do these things we are ensuring the products we make have BUILT-IN ACCEPTABILITY.

PART C - MARKETING AND CUSTOMER CHOICE

1. Introduction

We have talked so far about Marketing being concerned with identifying what customers will be prepared to buy and making sure that they get it at a price, time and place which will ensure that they buy and the company makes a profit.

It follows that another concern of Marketing is the range of products or services itself.

Why do we sell what we sell?

And how do we get it to the customer?

That's what we're going to look at now.

2. Product Range

ACTIVITY 26
Time guide
3 mins

You work for a company which makes children's clothes. One item out of arange of 50 coats and dresses is a winter coat, style number C42. Last year sales of the C42 coat were 500. Of these 200 were sold at the beginning of the season and the remainder as repeat orders came in from shops over the next six months. This year you expect to sell 550 of the C42.

Which of these three schedules would you use to produce the coats?

a. 225 immediately, the remainder as the orders came in.

b. 225 immediately, a further 225 in two months time.

c. 500 in one batch.

*

Let's have a look at these choices, you could argue a case for them all.

a. This option looks attracts because it is 'safe'. Produce what you know you can sell and then wait for repeat orders to come in. In most practical situations the cost of cloth cutting, machine setting and workteam's time would make it the most expensive though.

b. This option would avoid some of the problems and costs of making a small number of coats at one time but in general the cheapest way to produce the 550 coats would be to make them in one batch.

c. Beside savings in machine setting and cloth cutting the workteam would be able to produce more garments per hour and earn more bonus.

So I hope we can agree that the most preferable way of producing the coats would be to make them in one batch.

To do this confidently though you need an important piece of information.

ACTIVITY 27
Time guide
2 mins

Jot down what you think that information is.

*

You would need information about the market. You would need to be confident that you could sell all you were going to produce in a reasonable time. In other words, you would need marketing information.

ACTIVITY 28
Time guide
3 mins

Making all the coats in one batch at the beginning of the season to sell during the season will also involve the Company in an additional cost. Write down what you think that cost will be.

*

You may have entered various things but one certain cost would be the cost of STORING part of the batch. So these are the two things management have to juggle with - the additional costs of producing in small amounts set against the additional costs of storing the surplus production when we produce everything in one go.

And to do this juggling act with anything like confidence, the Marketing department is dependent on accurate information on how much is being produced and how much is being held in stock.

We'll have a look now at the tie up between the range of products we produce and the levels of stock we hold.

REFERENCE 5
page 59

P W Betts gives a fuller explanation for the need for stock control.

Let's have a look at an activity which shows this.

ACTIVITY 29
Time guide
3 mins

A very close friend with whom you do a lot of walking has a birthday coming up. You decide an all-weather outdoor coat would be a suitable present. Fairly near to where you live, but 5 miles apart, are two factories which produce suitable all weather coats. Fortunately each of the factories has a shop where the general public can buy the products they make.

Shop 'A' makes only one model of outdoor coat. It is good value at £29.50, but is only available in green.

Shop 'B' has a range of outdoor coats in different styles, materials and colours ranging in price from £25 to £75.

You have left things a bit late and only have enough time to visit one of the shops. Write down which shop you would visit and one or two reasons for your choice.

*

You may have entered Shop 'A' and given good reasons for doing so but my choice would be 'B' and a few of the reasons would be:

* the choice of prices from £25 to £75

* the choice of colours

* the choice of different styles

* the choice of different materials

which would mean I had a better chance of finding exactly what I wanted because I would have a better choice.

Choice is the key word. Even when we buy something as ordinary as a dustbin we want to be able to choose between different sizes, shapes, colours, etc and the shop, for example, which can always be relied on to show us plenty of goods and allow us plenty of choice is the shop we'll tend to go back to.

But giving the customer the choice they demand and the choice which will make them come back to us again, is hard work for people throughout the company.

It means:

keeping stocks	- warehousing, keeping inventory records of stock and stock movements etc
manufacturing a range of goods	- buying, scheduling, changing production lines, quality testing etc.

There's one more reason why it may be in a company's interests to keep producing a range of products. Here's an example of what I mean.

25 years ago two friends decided to go into business making a cotton, down-filled sleeping bag called the DUCK DOWN BAG. These were an immediate success with the shops who sold sleeping bags and became the basis of the company's future prosperity. Everyone in the camping trade had heard of the DUCK DOWN BAG.

As modern materials have been developed, cheaper, lighter and more effective bags have been introduced by the company. The cost of the down-filled cotton bag has risen as demand has fallen and the cost of the imported down has increased. Because cotton and down are more difficult to handle the production team have trouble in making their bonuses. As the supervisor in charge you hear one of them complaining to the other "why do we continue to make this old thing? The company must lose money as well as us."

ACTIVITY 30
Time guide
2 mins

Jot down two reasons you could give as to why it's in the company's interests to carry on making the DUCK DOWN BAG.

* _____

* _____

As usual in situations like this, there are various things you might have written down. From a marketing point of view we might have said something like:

* we have to make the DDB because the trade associate us with it

* because it is a high quality product the trade see us as high quality manufacturers

* we are able to use the DDB label to sell our other products

* old and valued customers of our dealers still come back and ask for another DDB

Whilst your workteam member might still resent having to work harder to make a bonus, he or she would now realise these were good reasons for doing so in the long term.

Companies need BREADWINNERS to stay in business. In the example we've just looked at we can say:

YESTERDAY'S BREADWINNERS	- the Duck Down Bag - sales are declining - costs are increasing, but it's still an important part of the range of products.
TODAY'S BREADWINNERS	- more recently developed products but still carrying our well-known label which attracts previous customers.

New products as and when they come along will be:

- TOMORROW'S BREADWINNERS.

But you can't eat tomorrow's bread today!

Let's review the main points we have made by doing the following self check.

SELF CHECK 6
Time guide
3 mins

Complete the following statements with a suitable word or group of words.

a. In a perfect production situation we would only produce things we could sell immediately. Because of production costs and in order to satisfy customer needs we must sometimes produce things we cannot sell immediately. We call this additional production _____.

b. When we look at a range of products. The products whose sales are steadily declining we can call _____ BREADWINNERS. Products whose sales are increasing steadily we can call _____ BREADWINNERS.

The answers to this self check are in the following words, so you'll need to check out your answers carefully. a) Additional production which we will have to hold for a bit is called stock. b) The answers to this are, respectively, yesterdays', today's and tomorrow's breadwinners.

We have been looking at the idea of the PRODUCT RANGE. Because we have to satisfy customer needs and produce as competitively as possible, we sometimes have to produce products which are not very profitable. We must also carry stocks of finished products until they are ordered.

We'll go on now to look at the supervisor's key role in the handling and storage of stock.

3. Stock Handling and Storage

Here's a case incident about stock handling and storage.

Suppose Mary, the supervisor in the orders department of an office equipment company, whom we've met before, had this problem.

The warehouse where the stock is held is divided into isles. Each product in the product range had its own area or BIN. To get the maximum use from the available space in the warehouse, the stock was placed on pallets and fork-lifted to where it belonged.

This particular morning Mary had phoned down to confirm there was an executive chair model number 214 in white leather in stock. Her stock records showed 1. The warehouse supervisor checked the bin where the 214s were kept himself and said there was none in stock. As delivery was urgent Mary lost the order.

That afternoon whilst walking through the warehouse to the canteen Mary spotted what she thought was a 214 in white perched on the top of some racking used to store desks. Over a cup of tea Mary had a word with the forklift driver who said she had put the 214 there three weeks ago because the 214 bin was full at the time.

EXTENSION 3
page 57

If you would like to explore the problems raised in this case incident further, you might like to take up this extension.

ACTIVITY 31
Time guide
2 mins

The four areas of concern in marketing are

the right product
the right price
the right time and place.

The reason Mary lost the order was because the company didn't meet the customer's requirements in one of these areas.

Which one is it?

* _____

_____

They didn't get the order because they couldn't supply at a time and place the customer wanted.

This incident illustrates some of the problems of PLACE and TIME which arise everyday in the handling, storage and control of stock. The supervisor is often the person best able to solve these problems. It's no good producing the RIGHT GOODS at the RIGHT PRICE if we cannot get them to the RIGHT PLACE at the RIGHT TIME.

SELF CHECK 7
Time guide
2 mins

We mentioned in part A that one aspect of Marketing is concerned with making sure goods get to the customer at the time and place he wants them.

What is that aspect of Marketing called?

* _____

The answers to this self check are in the following words, so you'll have to check out your answers carefully. This part of the Marketing process is called Distribution. We've already looked at the control of finished stock inside the factory.

Now let's have a look at how the stock actually reaches the customer - delivery.

REFERENCE 6
page 59

P W Betts, in Supervisory Studies, discusses the relationship between production and distribution and explains how problems can arise.

4. <u>Delivery</u>

ACTIVITY 32
Time guide
3 mins

Suppose you have just won £1,000 as your share of the football pools syndicate at work. You have three week's holiday coming up in seven days' time and you decide the time has come to take off for somewhere exotic.

You have a choice of going to three travel agents who can all provide something in the place you want to go.

Jot down, in order of priority, the <u>three</u> most important things a travel agent would have to confirm before you placed your order with him.

* _____
* _____
* _____

What you consider most important about a holiday will depend on your own preference, so your list of priorities may not be the same as mine which is:

* time or availability

* type of accommodation

* free and easy arrangements for how I spend my time

* price

I hope we can agree though that TIME is critically important in this case.

If I can't go in seven days time then it doesn't matter how much it costs or what the hotels are like or whether or not I fly or go by train. So I would place my order with the firm who could provide my choice of destination in seven days time. If two of the travel agents were able to do so, then I would work down my list of priorities.

This is just what an industrial buyer does.

The activity we've just looked at shows how delivery can often be the most important consideration when placing an order.

Will the goods be there on time?

ACTIVITY 33
Time guide
3 mins

Joyce works as a supervisor on one of the quality control checks on a production line which makes typewriters. The production manager has just told her that batch number 789 (50 manual typewriters for export) must be completed by 4 pm. They have to be at the docks 6 hours later.

When the production manager had left, Joyce said to Harry who worked alongside her, "Sales have done it again Harry. All they do is promise deliveries we can't keep and to hell with quality".

You may have heard a conversation like this where you work. How would you explain to Joyce that sometimes getting the goods to the customer is the most important part of the order? Write down in a couple of sentences what you would say.

An agreed delivery date is always an important condition of an order, sometimes the most important condition. Quite possibly if the typewriters weren't delivered immediately, there would have been no order at all and then everybody loses.

This is why marketing have to press other departments for a speedy response - sometimes for what may seem an unreasonably speedy response.

Let's review the main points we've made about deliveries by doing the following self check.

SELF CHECK 8
Time guide
3 mins

Respond by completing each statement with a suitable word or groups of words.

a. To have a good reputation for supplying on time you must have _____ _____ _____ _____.

b. An _____ _____ _____ will often determine whether you get an order or not.

The answers to this self check are in the following words, so you'll need to check out your answers carefully. a) You must have a good delivery system. We've seen that supplying on time can be critically important to getting orders. Your delivery system is how you ensure you do this. b) Customers want to be confident that you will deliver on time. Salesmen may well have to give an agreed delivery date to clinch the order.

5. Summary

* The marketing process tries to identify and meet the customer needs.

* These needs are reflected in our range of products and the stocks we hold.

* Because customer needs are always changing the marketing process must always adapt to meet these changes.

* When these changes involve delivery times conflict can be caused between production and marketing.

* The supervisor has a key role in helping to meet changing demand and in convincing the workforce of the need to do so.

PART D - MARKETING PRIORITIES

1. Introduction

In Part C we saw that prompt delivery is often the most critical consideration as far as industrial customers are concerned. Since marketing is above all concerned with giving the customer what he wants, it follows that they will pass on these urgent deadlines for delivery to other departments in the organisation. Unless everybody understands the sorts of pressures marketing are under to do their job effectively, it's all too easy for conflict to build up between departments.

This isn't to say that Marketing are the only people working under pressure. Everybody had to respond to particular pressures in their own work area and has differing priorities but the better we understand each other's problems and priorities the better cooperation should be. And Marketing's problems affect us all since, if they can't attract the orders, everybody in the business is out of a job.

So let's look at some typical examples of how Marketing comes to have certain priorities which, without understanding, can cause conflict with other departments.

2. 'Special' Orders

Nobody likes having the work they've scheduled interrupted. If we understand why it's being interrupted and believe in the importance of the change of plan, we will usually accept the situation with a good grace and get on with the job.

But Marketing tend to suffer from customers who want their orders delivered yesterday.

Look at this example.

Irene is an area sales manager for a company called Copy Quick Supplies. They manufacture a range of carbon papers and other typewriter products. For the last two years Irene has been calling once a month on a large national company, who use a lot of typewriter supplies throughout their 500 branches. She has occasionally had a small order for carbon paper.

Her persistence pays off one day when the buyer tells her they are having trouble with their present supplier, who are failing to meet delivery dates. The buyer tells Irene that, if they could agree a price, she would get an order for 1,000,000 sheets of assorted sizes of carbon paper, taken in lots of 50,000, over a period of two years. The only snag was delivery. Having been let down by their present supplier they were almost out of stock. They must have the first 50,000 within 7 days.

Irene phones her Marketing Director who, after having a word with the Production Director, confirms that they would deliver the first lot as required. The price however would be 5% more than the buyer was paying at present. On this basis Irene got the order for 1,000,000 sheets. We'll follow the order down to the factory floor.

Joe is the machine setter on one of the carbon paper coating and printing machines. He has just spent six hours setting the machine up to run off 50,000 sheets of A4 for stock, as the factory has been a bit short of orders lately.

The machine is nicely set up and everything is going smoothly. He is just thinking about having a cup of tea when the supervisor turns up. "Stop the machine, Joe, strip it down and clean it, I want a special run of 50,000 completing in three days time".

"***** me" said Joe, "they're all ******* specials nowadays".

We can sympathise with Joe's annoyance but the order for 50,000 sheets in three days time is important in several ways.

ACTIVITY 34
Time guide
5 mins

Jot down three reasons why meeting this order on time, even though production wasn't scheduled, would be very important.

* _____

* _____

* _____

Here are some reasons why it was important to meet this order, even though it cut across other priorities.

* This run was a trial order. If they meet this order another sixty days work for Joe's machine would be secured. If they can't, they'll lose the entire order.

* If they can meet the order for carbon paper successfully orders for other products may follow too.

* Even though it's expensive and time-consuming to stop the machine in mid-run, the profit margin has been increased to cover it.

* The firm appears to be short of orders. Joe was making for stock before the 'special' came in. It may mean extra work but it's a healthy sign!

3. Price

Incidentally, you may have noticed, as you read this activity, that the customer didn't object to the increase in price at all. You often find in marketing that, within reasonable limits, the price you charge isn't critical. In the example we've looked at, a 5% increase in the price of the carbon paper is nothing compared to the cost to the company of hundreds of typists doing nothing or typing things twice because they're out of carbon paper.

As far as industrial buyers are concerned, an agreed delivery date is often more critical than price.

This is a typical sales situation. Irene has been negotiating for two years, then when she gets the order the customer wants it yesterday. Unless the marketing reasons are explained to the workteam by the supervisor then it becomes another case of PRODUCTION v MARKETING.

EXTENSION 4
page 57

Besides the marketing aspects there is also a communication problem and an instructional problem. If you would like to look at these matters further, you might like to take up two other units in this series: "Communicating" and "Orders and Instructions".

SELF CHECK 9
Time guide
3 mins

Fill in the blanks in the next two sentences with a suitable word.

a. If communication breaks down between Production and Marketing it will lead to _____.

b. Conflict can be avoided if the reasons for changes in production routines are explained from a _____ point of view.

The answers to this self check are here in the following words, so you'll need to check your answers carefully. a. Conflict will result from a breakdown of communication between departments. b. If you explain changes in production routines from the point of view of marketing, then conflict can be avoided.

4. Product Quality

All the way through this unit we have stressed that the Marketing process is about:

RIGHT PRODUCT
RIGHT PRICE
RIGHT TIME
RIGHT PLACE

But what's the quality we need to make sure the product is right?

ACTIVITY 35
Time guide
2 mins

Which of these standards would you say is the one we ought to aim for in the goods or service we offer?

a) the best quality we can produce.

b) the quality the customer needs to be satisfied.

c) the minimum we can offer without getting complaints.

d) whatever we can manage at the lowest possible cost

I hope we can agree that d) wouldn't be an acceptable standard because we've just realised that often, though not invariably, price isn't the most critical factor. I don't suppose you would choose c) unless you were desperate. But what about a) and b)? It's tempting to assume that we should go for a) the best quality we can produce. Because it's the best that we can do, we tend to assume it must be what the customer wants most (or would if he knew his own mind!).

But this isn't always the case.

Here's an example of what I mean.

> Jack sells a range of hi-fi equipment manufactured by a small but well-established company. He calls on shops who sell electrical goods. He is always welcome because his company had a good name for quality, having been founded 25 years ago, by two very bright electronics engineers.
>
> He sells a little here and a little there but never seems able to land any big orders. One day he asks a buyer for a branch of a large chain of electrical shops why this is. The buyer tells him "We always stock a bit of your gear because it is high quality. But frankly, Jack, we find the average customer can't tell the difference between an audio system costing £300 and one costing £600. What we sell mainly is expensive-looking products at cheap prices, but we do get one or two experts in and then we sell them your system. They'll pay the extra".

The next time Jack was at the factory he called in to sort out one or two technical problems with colleagues on the production side. Whilst he was there he heard one of the staff who had been with the company since it was founded, explaining to anyone who would listen why they were not selling as many systems as they did in the old days. "It's quality you know, we don't make them like we used to. I remember when the speakers were made from solid teak. People always want quality".

ACTIVITY 36
Time guide
5 mins

This workteam member is likely to feel a bit discouraged and disillusioned about the job he's doing - making, what seems to him, inferior equipment.

But what has he not realised about the firm's market for its products? Jot down in your own words what he needs to know about marketing audio-systems.

He needs to understand that, in order to be successful, the company needs to supply goods at the quality and price that customers are prepared to pay.

In this case increasing production of a top quality product would be pointless if all the evidence from Marketing is that customers aren't interested in top-quality.

Successful businesses offer what the customer wants not what they feel he ought to want.

And what people want is continually changing.

In the last example we looked at, quite possibly the workteam member who thought the company was failing because it wasn't making hi-fi cabinets like it used to, would have been right some years ago.

But fashions change, tastes change, the amount of money people are prepared to spend changes and in a fast-changing world, it's vitally important that Marketing has its finger on the pulse and that what Marketing finds out is relayed back to everybody in the business.

SELF CHECK 10 Complete the following statements with a suitable word or group of words.
Time guide 3 mins

a) Buyers in industry cannot afford to run out of vital materials so they keep lists of _____ suppliers.

b) If you are an alternative supplier, you may be asked to provide small, sample orders which are messy, unprofitable and time-consuming but it's good for business because _____

_____

c) _____ is not usually the most important consideration when buying industry products. Guaranteed deliveries and correct specification are more important.

The answers to this self check are here in the following words, so you'll need to check your answers carefully. a) alternative is the most suitable word. Sales people see 'specials' as a "foot in the door". Unless the reasons for them are explained, production see them as unnecessary problems. b) You may have said something like 'they may lead to bigger, more profitable orders in the future'. 'Future business', however you've said it, is the key. c) It's no good giving an order to the cheapest supplier if they can't deliver on time, or when they do deliver they are the wrong specification, so the correct response here would be 'price'.

5. Summary

Conflict can arise between Marketing and Production because they have different priorities unless they both try to appreciate each other's problems.

Misunderstanding is likely to arise over:

* Special orders - a time-wasting interruption to Production but a way of securing future business as far as Marketing is concerned.

* Prompt delivery - guaranteeing delivery very fast secures an order even if you charge more for it. Speed is more critical than price.

* Quality - the right quality, as far as Marketing is concerned, is the quality the customer will accept, not something better nor worse.

Customers' wants are continually changing.

Marketing should identify the changes and feedback information about them if the business is to succeed.

PART E PERFORMANCE CHECKS

Time Guide 60 mins

1 End Checks

You may now review your understanding of the unit as a whole by completing this group of questions. DON'T GUESS THE ANSWERS. If you're not sure, flick back into the unit and check before responding.

If you are still unsure then put a question mark against your response before proceeding.

TRUE/FALSE

1 Most organisations have to fulfil a few basic ideas. _____

2 A definition of marketing is the manufacturing of high quality goods for sale at home and abroad. _____

3 An example of making a profit would be to make a cup for £1 and sell it at a price that will pay all our bills and leave us a sum of money for the future. _____

4 How we get the RIGHT GOODS
at the RIGHT PRICE
at the RIGHT TIME and
at the RIGHT PLACE is what marketing is really about. _____

5 The right price is the price the job will stand. _____

6 The right goods are the goods we can produce most easily. _____

7 Two seasonal products are: BREAD
PETROL. _____

8 Marketing is about selling goods that don't come back to customers who do. _____

COMPLETION

Respond by completing each sentence with a suitable word or words.

9 Marketing research is used to ensure that the products we produce are the products the customer wants to _____.

10 Information is available from two sources. New information is available from _____ the company. Existing information is available from company _____.

11 One way of obtaining new information is to ask questions, we can do this by using a _____.

12 When we know what our customers and potential customers want, we can make sure our products have BUILT-IN _____.

13 Companies have a constant need for information because the markets they are in are constantly _____.

14 Marketing research is about using information to solve _____.

15 We can think of information from within the company as being locked up in its own _____.

MULTIPLE CHOICE

Respond to each question be putting a tick against the ONE answer which is most correct.

16 Production not required for immediate delivery is stored and referred to as

a Materials

b Stock

c Specials

d Working progress

17 In order to give the customer sufficient choice, it is necessary to carry a range of

a Products

b Materials

c Shapes

d Colours

18 Which one of the following best describes the distribution process?

a Delivering the finished product

b Getting the finished product from the factory to the customer

c Sales and aftersales service

d Storing the finished product until required

19 Which one of the following is an essential part of any order?

a Cash on delivery

b Sale or return

c An agreed delivery date

d Credit terms

20 Which one of the following <u>does not</u> lead to conflict between production and sales?

a A high volume order for one product

b A constant stream of "specials"

c Promising orders "yesterday"

d Switching runs half way through a batch

21 Very simply, <u>MARKETING</u> is about identifying and satisfying customers'

a Location

b Complaints

c Queries

d Needs

END CHECK - Checkout

Audio Tape Side 2 Time guide 35 mins

The answers and explanations for these End Checks are on Side 2 of our Audio Tape. Have your responses with you as you play this tape. As you listen you can check out how well you have done and make notes as you proceed.

2 Tutor Check

Time guide 45 mins

Read the following case incident, then deal with the accompanying questions.

"I'll sort it out at the factory".

Jim was the sales representative for a company which made office furniture. He was in the office of one of his biggest customers, trying to get the buyer to agree an order for £10,000 of new Boardroom furniture.

"Don't talk to me about any more orders. The Managing Director still has not got his new drinks cabinet. Your lot at the factory said it would be here three weeks ago" - the buyer said.

"Don't worry." said Jim, "I'm at the factory on Friday, I'll chase it up".

"I shouldn't bother" replied the buyer, "that lot are only interested in big orders".

On Friday after the sales meeting, Jim went down into the warehouse to see Bob Duncan the warehouse supervisor.

"Hello Bob" said Jim, "have you seen order number P7894? It's for one executive drinks cabinet in rosewood. It should have been delivered three weeks ago".

Bob put the piece of paper he was holding on to his already paper-strewn desk.

"Do you think I have nothing better to do but run round looking for an order for one drinks cabinet? They're more trouble than they're worth. One scratch and they're worthless. I'm trying to organise delivery of 500 typist chairs and a 150 double pedestal desks by 4 pm today. We can't make enough of those, never mind your fancy cabinets".

At this Jim lost his temper.

"If you can't deliver one cabinet on time I don't see how you'll manage that lot by 4 pm. People like you should get out in the field instead of messing about with bits of paper."

1 How would you explain to Bob Duncan that it is necessary to carry a complete range of office furniture?

2 How would you have explained to Bob the importance of the missing cabinet?

Send to tutor

Now get your answers to your study tutor either by post of handing it over personally. You will receive your tutor's assessment and comment back through the post as soon as can be managed.

3 Work-based Project

Time guide
45 mins

Everybody has customers.

Even if you don't deal with the customer face-to-face, you may contact them in writing or by telephone or you may contribute to a product or to a service which, ultimately, the customer uses.

Perhaps you think you don't have customers at all - your job is providing information to another department in the same business. In that case, the departments you service are your customers. Who uses whatever it is you do?

a) Make a list of the customer contacts in your department.

Each customer contact is an opportunity to improve the relationship with the customer. Even a complaint, if dealt with correctly and quickly, can improve customer relations.

b) Choose five customers from your list and write down one way for each one in which you could improve the service to the customer so he gets

the right product
at the right price
at the right time
in the right place

Send to tutor

Now get your answers to your study tutor either by post of handing it over personally. You will receive your tutor's assessment and comment back through the post as soon as can be managed.

PART F UNIT REVIEW

1. Return to Objectives

Having completed your work on this unit let's review how you feel about each of our three opening objectives. I will repeat them here and add comment.

You should be better able to:

* **UNDERSTAND THE NATURE OF MARKETING BOTH TO THE ORGANISATION AND TO THE INDIVIDUAL IN IT**

We have stressed that marketing is one of the basic ideas on which businesses are organised. It involves all the departments in an organisation because organisations are, in the end, only groups of people trying to achieve the same thing. It is important that everybody understands what these basic ideas are and can pool their efforts to turn the ideas into action.

Now to our second objective. You should be better able to:

* **UNDERSTAND HOW CUSTOMER NEEDS ARE MET BY THE PROPER USE OF COMPANY RESOURCES**

We have seen that an important part of the marketing process is to find out what the customer or potential customer wants. Having done this we must then make use of our resources so that we not only meet the customers' needs but also make a profit. We've also seen how, once you've established a product or service which customers find acceptable, everybody in the business has a contribution to make to ensure that it remains acceptable.

Now to our third objective. You should be better able to:

* **APPLY YOUR SKILLS AS A SUPERVISOR TO POSITIVELY PUTTING INTO EFFECT MARKETING STRATEGIES IN YOUR AREA**

Only you can tell if you have met this objective. My guess is that having worked through the unit, you will by now be starting to apply the ideas we have discussed both to yourself and your workteam.

I hope that this work you have done was enjoyable and useful enough to encourage you to continue in your studies.

2. Extensions

I recommend that you take up as many of these extensions as you can. They will further increase your understanding and interest. You will also be able to check out a number of the ideas that I mention in the unit. The extra time and effot will prove very worthwhile.

EXTENSION 1

Book: Choice Unit 34: Easy Statistics

Author: Ysanne Carlisle

Publisher: Northern Regional Management Centre

EXTENSION 2

Book: Choice Unit 80: Training Plans

Author: Rick Holden

Publisher: Northern Regional Management Centre

Many of the problems we experience as supervisors can be traced to lack of training.

EXTENSION 3

Book: Choice Unit 41: Stores Control

Author: David Austin

Publisher: Northern Regional Management Centre

This unit goes into greater detail about the advantage of effective stock control.

EXTENSION 4

Book: Choice Unit 60: Communications

Author: Steven Lane

Publisher: Northern Regional Management Centre

Book: Choice Unit 64: Orders and Instructions

Author: Diana Thomas

Publisher: Northern Regional Management Centre

A lot of conflict at work arises not because we ask someone to do something but because of the way we ask. These two units are both designed to avoid this kind of situation.

These extension opportunities can all be taken up via your Support Centre.

They will either have the materials or will arrange that you have access to the materials. However it may be more convenient to check out the materials with your Personnel or Training people at work - they may well give you access. There are other good reasons for approaching your own people, for example they will become aware of your interest and you can involve them in your development.

3. References

REFERENCE 1	Book:	Introduction to Marketing
	Author:	John Frain
	Publisher:	M & E BEC Books Macdonald and Evans
	See page 1	A fuller explanation of the marketing concept
REFERENCE 2	Book:	Basic Marketing
	Author:	Tom Cannon
	Publisher:	Holt
	See pages 1 - 2:	Further Definitions of Marketing
REFERENCE 3	Book:	Introduction to Marketing
	Author:	John Frain
	Publisher:	M & E BEC Books Macdonald and Evans
REFERENCE 4	Book:	Supervisory Studies
	Author:	P W Betts
	Publisher:	MacDonald and Evans
	See page 169:	Importance of communications
REFERENCE 5	Book:	Supervisory Studies
	Author:	P W Betts
	Publisher:	MacDonald and Evans
	See page 391:	Explanation of Stock Control
REFERENCE 6	Book:	Supervisory Studies
	Author:	P W Betts
	Publisher:	MacDonald and Evans
	See page 29:	Relationship between production and distribution

These references can all be taken up via your Support Centre. They will either have the materials or will arrange that you have access to the materials. However it may be more convenient to check out materials with your Personnel or Training people at work - they may well give you access. There are other good reasons for approaching your own people, for example they will become aware of your interest and you can involve them in your development.

If you do wish to make use of these references then don't think that you must read them right through. Just dip into them for a slightly wider treatment of the topic raised in the unit.

I should warn you that the language and style of writing is often difficult to cope with, so don't struggle with it too much. Do what I do when in difficulty, put the book back on the shelf and find a better one!

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12 Enriching Work
13 Workteams
14 Team Leading
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87 Hiring People
88 Supervising and the Law